

1 California Gambling Control Commission  
2  
3 **Modified Text of Proposed Regulations**  
4 **Second 15-Day Change**  
5

6 **MINIMUM INTERNAL CONTROL STANDARDS (MICS) FOR GAMBLING ESTABLISHMENTS:**  
7 **Checks, Credit, ATMs and Unclaimed Property**  
8 CGCC-GCA-2007-R-6  
9

10 California Code of Regulations.  
11 Title 4. Business Regulations.  
12 Division 18. California Gambling Control Commission.  
13 Chapter 7. Conditions of Operation for Gambling Establishments.  
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15 **Article 3. Minimum Internal Control Standards for Gambling Establishments (MICS).**  
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17 **12388. Extension of Credit, Check Cashing, and Automatic Teller Machines (ATMs).**

18 (a) A licensee may extend credit to a patron if, prior to extending credit to the patron, the  
19 licensee determines that an extension of credit is not prohibited by any statute, law,  
20 regulation, or local ordinance. A licensee may not extend credit to a gambling business  
21 or third-party provider of proposition player services that is ~~banking-games~~ occupying a  
22 player-dealer position in any gambling establishment owned by the licensee. A licensee  
23 may not extend credit to an employee of the licensee to act as a "house prop player" or  
24 "public relations player." In addition to complying with all laws regarding the issuance of  
25 credit, a licensee that extends credit to a patron shall address, in written policies and  
26 procedures and credit application form(s), the following requirements for the extension  
27 and collection of credit:

28 (1) Establish a method for determining the maximum amount which will be advanced to  
29 a patron, changes in the credit amount, the maximum time an extension of credit will  
30 be outstanding, and repayment terms.

31 (2) Prior to extending credit to a patron for the first time, ensure that the person  
32 requesting the credit is positively identified by examining the patron's unexpired  
33 government-issued form of identification evidencing residence and bearing a  
34 photograph of the patron, such as a driver's license or passport. In addition, ensure  
35 that the patron is credit worthy through an assessment of one of the following ~~has~~  
36 ~~been met~~:

37 (A) Receipt of patron information on a credit application form which includes the  
38 patron's name and signature, current address, telephone number, social security  
39 number, bank and/or trade references, employment and income information to  
40 form an assessment of the patron's financial situation and collateral  
41 circumstances of the patron.

42 (B) Receipt of a signed and dated authorization from the patron to access their  
43 consumer credit report from a bona fide credit-reporting agency to show the  
44 patron has an established credit history consistent with approved credit policies

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Additions shown in blue underline; deletions shown in ~~red strike-out~~.

- 1 and/or receipt of information from a bona fide credit-reporting agency that the  
2 patron has an established credit history consistent with approved credit policies.
- 3 (C) Examination of records of previous credit transactions with the patron, if any,  
4 showing that the patron has paid in a timely manner ~~substantially~~ all credit  
5 instruments and/or otherwise document that it has a reasonable basis for  
6 extending the credit amount to the patron.
- 7 (3) An owner or designated key employee other than a dealer must approve any credit  
8 application.
- 9 (4) No credit may be extended to any patron who has signed a self-exclusion form or  
10 has self-restricted access to credit for the time period of the exclusion or restriction.
- 11 (5) Notify the patron of the issuance or denial of credit. The notification for issuing credit  
12 shall include the date of issuance, terms of repayment, and interest charges, if  
13 applicable. If a patron is denied credit, ~~the notification shall include the justification~~  
14 ~~for denial~~ and the denial is based, in whole or in part, on any information contained  
15 in a consumer credit report, the licensee shall comply with Civil Code section  
16 1785.20.
- 17 (6) A copy of any consumer credit report obtained by the licensee shall be kept on file  
18 with the cardroom ~~and made available to a denied patron upon request.~~
- 19 (7) ~~Include specific instructions for the collection of bad debt, including available actions,~~  
20 ~~self-evaluation, and consistent enforcement~~ Written or electronic records shall be  
21 maintained on each attempt to collect on delinquent credit accounts.
- 22 (8) For each patron issued credit, the licensee shall maintain a record of the patron's  
23 credit limit, payment schedule, outstanding credit balance, and the patron's  
24 signature on a credit agreement.
- 25 (b) For each patron that is issued credit for the first time, the following information shall be  
26 collected and maintained:
- 27 (1) Patron's name, current address and telephone number;
- 28 (2) A photocopy of the patron's unexpired government-issued form of identification  
29 evidencing residence and bearing a photograph of the patron, such as a driver's  
30 license or passport;
- 31 (3) Basis upon which credit verified, as listed in subsection (a)(2);
- 32 (4) Documentation of authorization by a person designated by management to approve  
33 credit;
- 34 ~~(5) Authorized credit limit and means of repayment of obligations; and~~
- 35 ~~(6) Credit balance outstanding and payments.~~
- 36 (c) If payment upon an extension of credit is delinquent for more than 90 days, the person  
37 to whom credit was extended shall be prohibited from obtaining additional credit until  
38 the amount owed is paid in full.
- 39 (d) No gambling enterprise shall ~~permit an employee to~~ cash any check if cashing such a

1 check is prohibited by any statute, regulation, or ordinance. No gambling enterprise  
2 employee shall be permitted to cash any check drawn against any federal, state,  
3 county, or other government fund, including, but not limited to, social security,  
4 unemployment insurance, disability payments, or public assistance payments, as  
5 outlined in Business and Professions Code section 19841, subdivision (q), unless the  
6 check is for wages or the payment of goods or services.

7 (e) A licensee who does not deposit a patron's check within three banking days ~~of~~ after  
8 receipt shall be considered to have extended credit to that patron.

9 (f) A licensee shall not allow a patron to redeem, reclaim or repurchase an ~~uncashed un-~~  
10 deposited personal check with a subsequent personal check ~~or checks~~, unless that  
11 patron has been approved for an extension of credit as provided in this Article and the  
12 amount of the check or checks to be replaced is within the patron's approved credit  
13 limit.

14 (g) A licensee that cashes checks for a patron shall address, in written policies and  
15 procedures, the following requirements for the cashing of checks:

16 (1) Prior to cashing a check for a patron, the ~~cage-cashier~~ designated employee shall  
17 determine that:

18 (A) The licensee's records do not contain information reflecting that the patron  
19 presenting the check has ~~not~~ signed a self-exclusion form or self-restricted  
20 access to check cashing for the time period of the exclusion or restriction,

21 (B) Cashing such check is not prohibited,

22 (C) Cashing such check conforms to the licensee's approval process,

23 (D) The check is for a specific amount and within the patron's established check  
24 cashing amount limit, ~~with~~ and, in the case of a personal check, includes the  
25 current date, and,

26 (E) The check is payable to the gambling establishment, or in the case of a third  
27 party check, endorsed over to the gambling establishment.

28 (2) If personal checks, cashier's checks, or payroll checks are cashed, the licensee or  
29 designated employee shall examine and, if the patron is not approved for credit,  
30 record an unexpired government-issued form of identification evidencing residence  
31 and bearing a photograph of the patron, such as a driver's license or passport. If the  
32 patron's identification information is already on file with the licensee, which includes  
33 a photo of the patron, then retrieval and examination of this identification file by the  
34 licensee or designated employee shall satisfy the provisions of this paragraph.

35 (3) Records of all returned checks shall be maintained by the gambling establishment  
36 and shall include, at a minimum, the following:

37 (A) Date on the check.

38 (B) Name of the customer presenting the check.

39 (C) Amount of the check.

40 (D) Date(s) the check was dishonored.

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(E) Date(s) and amount(s) of any collection received on the check after being returned by a bank.

(4) If a ~~first-party~~ check is dishonored, the person who proffered the check shall be prohibited from cashing additional ~~personal~~ checks until the amount owed is paid in full, but may replace a dishonored check in accordance with the policies of the licensed gambling establishment. ~~This does not prohibit a person who presented a dishonored check from a third party or a dishonored two-party check from replacing the check.~~

(5) The licensee shall include written procedures for the collection of checks dishonored for non-sufficient funds (NSF), including a point in time that the NSF check will be written off as a bad debt.

(h) If a licensee that cashes checks for a patron charges a check-cashing fee, the licensee shall obtain and maintain an unexpired California Department of Justice Check Cashing Permit pursuant to Civil Code section 1789.37.

(i) Checks accepted or credit instruments completed in accordance with this Article are valid and enforceable instruments.

(j) A licensed gambling establishment shall not have an ATM (automatic teller machine or cash- or voucher-dispensing machine) accessible by an individual while physically seated at a gaming table, unless otherwise required under the Americans with Disabilities Act.

(k) ATMs shall be configured to reject Electronic Benefit Transfer cards (EBTs) issued by the State of California or by any city, county, or city and county therein.

**Note: Authority cited:** Sections 19811, 19823, 19840, 19841(o) and (q), 19901, 19905 and 19920, Business and Professions Code. Sections 1785.20 and 1789.37, Civil Code. **Reference:** Sections 19801, 19901, 19905 and 19920, Business and Professions Code. Title 4, California Code of Regulations, sections 12463, 12464.

## Article 4. Accounting and Financial Reporting

### 12410. Unclaimed or Abandoned Property

A licensee shall establish written policies and procedures which comply with California's Unclaimed Property Law (Code Civ. Proc., section 1500 et seq.), regarding unclaimed chips, cash, and cash equivalents left at a gaming table or in any player's bank deemed inactive by the terms of the licensee's policies and procedures, ~~uncashed~~ un-deposited checks issued by the licensee to a patron, and ~~uncashed~~ un-deposited checks drawn on a licensee's account.

Records of the date and amount of any unclaimed property sent or reported to the State Controller shall be kept by the licensee.

**Note: Authority cited:** Sections 19811, 19840, 19841(g), (h), and (j), and 19920, Business and Professions Code. **Reference:** Sections 19801 and 19841(g), (h), and (j), and 19954, Business and Professions Code. Title 10, Chapter 7 (Commencing with section 1500), Code of Civil Procedure. Section 14161, Penal Code. Title 2, California Code of Regulations, Subchapter 8 (commencing with section 1150) (Unclaimed Property Regulations).

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